



California Public Employees' Retirement System  
Investment Office  
P.O. Box 2749  
Sacramento, CA 95812-2749  
TTY: (916) 795-3240  
(916) 795-3400 phone  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

---

## Agenda Item 3

August 15, 2011

### TO: MEMBERS OF THE INVESTMENT POLICY SUBCOMMITTEE

- I. **SUBJECTS:**
  - a. Revision of the Risk Managed Absolute Return Strategies Program Policy
  - b. Revision of the Global Equity Sub-Asset Class Allocation Ranges Policy
- II. **PROGRAMS:** Absolute Return Strategies and Global Equity
- III. **RECOMMENDATION:** Recommend to the Investment Committee approval of:
  - 1) the revised Statement of Investment Policy for Absolute Return Strategies Program
  - 2) the revised Statement of Investment Policy for Global Equity Sub-Asset Class Allocation Ranges

### IV. ANALYSIS:

The Absolute Return Strategies (ARS) Program, formerly the Risk Managed Absolute Return Strategies (RMARS) Program, was recently moved out of the Global Equity unit. This change requires revisions to be made to both the ARS Program and Global Equity Sub-Asset Class Allocation Ranges policy documents.

The revised Statement of Investment Policy for ARS Program reflects changes related to both investment and administrative matters. The investment related revisions address the targeted risk and liquidity profile of the portfolio. The revisions associated with administrative issues are attributable to the change in the reporting structure and findings identified by the Office of Audit Services.

The revisions made to the Statement of Investment Policy for Global Equity Sub-Asset Class Allocation Ranges are primarily attributable to the allocation of capital to ARS Program is no longer tied to a range within the Global Equity portfolio.

List of Attachments

- Attachment 1 – Wilshire Associates Opinion Letter
- Attachment 2 – Revised ARS Program Policy and Glossary
- Attachment 3 – Revised Global Equity Sub-Asset Class Allocation Ranges Policy and Glossary

**V. STRATEGIC PLAN:**

This item will further the following goals of CalPERS Strategic Plan:

Goal I: Exercise global leadership to ensure the sustainability of CalPERS pension and health benefit systems.

Goal VIII: Manage the risks and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits and, second to minimize and stabilize contributions.

Goal IX: Achieve long-term, sustainable, risk adjusted returns.

**VI. RESULTS/COSTS:**

The results of this item will provide CalPERS with the enhanced efficiencies and ability to manage the overall portfolio. This policy will provide a foundation for compliance, accountability, and transparency.

---

CRAIG DANDURAND  
Portfolio Manager, Absolute Return  
Strategies

---

DAN BIENVENUE  
Senior Portfolio Manager, Global Equity

---

ERIC BAGGESEN  
Senior Investment Officer, Global Equity

---

JANINE GUILLOT  
Chief Operating Investment Officer

---

JOSEPH A. DEAR  
Chief Investment Officer